

REMARKS/ARGUMENTS

By this paper, Applicant replies to the Office Action of October 23, 2006 and the Notices of November 5, 2007, January 4, 2008 and April 15, 2008. Applicant respectfully requests reconsideration of the application.

I. Status of Application

The originally pending claims are reinstated and amended, pursuant to the procedure advised by the Patent Office at www.uspto.gov/web/offices/pac/dapp/revised121qnas.htm, answer to question A8.

Claims 138-265 are now pending. Claims 138, 139, 145, 168, 174, 178, 186, 190, 195, 210, 213, 219, 222, 230 and 255 are independent. Thus, a total of 128 claims are pending, 15 of which are independent.

II. Restriction

Applicant submits that the papers of September 7, 2007 and November 5, 2007 were procedurally too incomplete to raise any restriction requirement. No restriction would be proper among the claims now pending.

First, the November 5, 2007 paper is procedurally too incomplete to raise any restriction requirement. MPEP § 803 states that restriction is only authorized where the Office action makes two showings (emphasis added):

There are two criteria for a proper requirement for restriction between patentably distinct inventions:

(1) The inventions must be independent (see MPEP §802.01, §806.04, §808.01) or distinct as claimed (see MPEP §806.05 - § 806.05(i)) and

(2) There must be a serious burden on the examiner if restriction is not required (see MPEP §803.02, §806.04(a)-(j), §808.01(a) and §808.02).

MPEP § 803 clarifies (emphasis added):

If the search and examination of an entire application can be made without serious burden, the examiner must examine it on the merits, even though it includes claims to distinct or independent inventions.

Both the September 2007 and the November 2007 papers were **dead silent** on the issue of search burden, let alone making any showing of “serious” burden. Because of this omission, no restriction requirement is stated. This issue was squarely raised in Applicant’s paper of October 8, 2007; the failure to “Answer All Material Traversed” violates MPEP § 707.07(f).

Second, the November 2007 paper uses unauthorized procedures, and thus is insufficient to raise any restriction requirement at all. Because the November 2007 paper does not use any of the authorized form paragraphs, it is impossible for Applicant to know whether the Examiner considers the claims “independent,” “distinct,” “related,” etc. and thus Applicant cannot traverse the grounds thought to apply, or comply precisely with a requirement.

Third, the November 2007 Office Action relies on the contrast between the term “repurchase agreements” of old claim 1 against “obligation of the selling party to both sell and repurchase securities” of the new claims to argue that the claims are “different inventions.” As discussed in the telephone interview on or about October 3, 2007, these are different words for the same thing.¹ The redrafting of the claims from one nomenclature to the other was intended only to remove a source of disagreement that had arisen in earlier prosecution: the former examiner had a confused understanding of the established term of art “repurchase agreement.” In order to assist the former examiner and resolve any disagreement, Applicant redrafted the claims to eliminate the term of art “repurchase agreement” and instead to recite explicitly the contractual obligations that are inherent in the term “repurchase agreement.” No “shift” of invention was accomplished, only a shift in vocabulary.

The November 2007 Action does not discuss any difference in inventions; it only describes how the old and new claims are directed to the same invention (in a restriction sense).

The claims are now further redrafted, to use the term of art “repurchase agreement” and recite the inherent definition for the term. This both makes clear the relationship between the old

¹ Wikipedia gives the following definition: “**Repurchase agreements (RPs or repos)** are financial instruments used in the money markets and capital markets. ... [T]he cash receiver (seller) sells securities *now*, in return for cash, to the cash provider (buyer), and agrees to repurchase those securities from the buyer for a greater sum of cash at some later date...” Barrons’ Dictionary of Finance and Investment Terms gives the following definition, “**REPURCHASE AGREEMENT (REPO; RP)** agreement between seller and a buyer... where by the seller agrees to repurchase the securities at an agreed upon price and , usually, at a stated time.”

claims and the new, and removes any disagreement over the art-recognized definition on which Applicant intends to rely. The November 2007 Action does not express any disagreement with the definition that was discussed during the October telephone interview, and thus Applicant assumes that the dictionary definition of the term “repurchase agreement” is agreed. In view of that agreement among dictionary, Applicant and Examiner, the restriction stated in the November 2007 paper is simply puzzling, and no reply is possible. No restriction is warranted.

The original claims are now reinstated, pursuant to the Office’s own instructions, so no issue of “restriction by original presentation” can now exist.

Fourth, the November 2007 paper purports to restrict between claims that are not pending and claims that are pending. There is no such thing. 35 U.S.C. § 121 only authorizes restriction in cases where “two or more independent and distinct inventions are claimed in one application.” As the United States District Court for the Eastern District of Virginia recently reminded the Office, neither the MPEP nor 37 C.F.R. can impose obligations on applicants beyond those authorized by statute. *Tafas v. Dudas*, 511 F.Supp.2d 652, 664 (E.D. Va. 2007). Both the MPEP and 37 C.F.R. must be interpreted to authorize restriction within the bounds set by § 121, and no more.²

Fifth, the request pursuant to MPEP § 710.06, originally made October 5, 2007, is reiterated. Prosecution cannot advance when an examiner fails to answer all material traversed.

² If no such interpretation is possible, then Rule 145 and the MPEP are invalid and of no effect whatsoever. *Patlex Corp. v. Mossinghoff*, 71 F.2d 480, 487, 226 USPQ 985, 989-90 (Fed. Cir. 1985) invalidated the PTO’s interpretation of former 37 C.F.R. § 1.530(a), and the MPEP sections stating this interpretation, as follows:

... We find no support for [the MPEP’s interpretation of Rule 530] in the statute or its legislative history.

We have discerned no other interpretation for [the two relevant MPEP sections] than that which contradicts the clear intent of Congress. When Congress enacted 35 U.S.C. § 303 for the purpose of protecting the patentee, it could not have intended an implementation that would negate this protection. We can not endorse such a diversion of the statutory purpose.

[The courts] must reject administrative constructions of the statute, whether reached by adjudication or by rulemaking, that are inconsistent with the statutory mandate or that frustrate the policy that Congress sought to implement.

III. Each Claim Recites a Limitation Absent From All Three References Raised

Each claim now pending recites an electronic trading system that treats two separate obligations or two separate transactions as a related pair, in particular ways recited in each claim. For example:

145. A method, comprising the steps of:

... the repurchase agreement offer proposing to obligate a seller to sell securities to a prospective buyer and to obligate the seller to repurchase securities at a specified future date at a specified future price, the specified future price being the price of the sale plus imputed interest, ...

230. A method, comprising the steps of:

by automated trading system, making available to prospective parties offers of pairs of transactions, the transactions of a pair related by the automated trading system to require simultaneous and inseparable negotiation and/or acceptance by a one of the prospective parties and a party offering a pair, the offered pairs of transactions each including:

(a) an obligation of a selling one of the parties to sell ..

(b) an obligation of the selling party to repurchase securities ..., the future price being the price of the sale plus imputed interest; and

... the automated trading system requiring that the two transactions of a pair be contracted for between the buying and selling party simultaneously and inseparably.

As the October 2006 Action itself concedes (Action of 10/23/2006, page 3, line 17), the cited portions of Silverman '082 only discuss a trading system that can handle **single**-transaction or **single**-obligation transactions. The Brown and Best articles at best suggest that problems were known to exist that needed a solution, but neither suggests any automated trading system that might solve the problem, let alone the electronic solutions that treat two separate obligations or two separate transactions as a related pair, as recited in the claims.

The reasoning in the October 2006 Action, page 3, appears to be that Silverman's disclosure of the genus "highly specified instruments" renders obvious all trading systems for all species of instruments. This is not the law. To raise an obviousness rejection, an Action must show "motivation to modify or combine" to reach the particular combination claimed, and "reasonable expectation of success" that the particular prior art teachings relied on will achieve the particular invention claimed. *In re Lee*, 277 F.3d 1338, 1343, 61 USPQ2d 1430, 1433-34 (Fed. Cir. 2002) ("The need for specificity pervades [Federal Circuit] authority."); *In re Kotzab*,

217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000) (“particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed”); MPEP § 2143.01 (“The prior art must suggest the desirability of the claimed invention,” not merely some unspecified invention in a related field.)

IV. Dependent claims

The dependent claims are patentable with the independent claims discussed above. In addition, the dependent claims recite additional features that further distinguish the art.

V. Calls for Substantial Evidence

The October 2006 Action and 2007 papers assert a number of “facts” that are unsupported by any substantial evidence. These “facts” include at least the following:

- “Utilizing the system and method of Silverman, a user seeking to trade a repurchase agreement can therefore enter preliminary terms to the agreement in order to be matched with a counterparty with a similar interest. These counterparties can then be placed into communication where concrete details of the financial transaction can be hashed out” (Action of 10/23/2006 at page 3).
- “It was old and well known though for there to be post agreement actions that the counterparties are required in order to fulfill the deal. Therefore it would have been obvious to anyone of ordinary skill at the time of the invention to include this step ... because there are inherently steps performed after the closing of the agreement that represent a risk” (Action of 10/23/2006 at page 8).
- “... wherein the record further comprises a right of substitution, margin, and collateral type.” (Action of 10/23/2006 at page 10).
- Any notion that “a repurchase agreement” is different than “an obligation of the selling party to both sell and repurchase securities” (Office paper of 11/16/2007 at page 3).

If any of these (or any similar) assertions are raised in any future paper, Applicant calls for substantial evidence in support.

In particular, Applicant calls for substantial evidence showing that Silverman’s system *as disclosed* could *even theoretically* be used to negotiate *two* linked transactions or obligations, as recited in the now-pending claims, when the Office Action itself concedes that Silverman ’082 at most teaches trading *one* transaction at a time. (Action of 10/23/2006, page 3, line 17).

The former examiner recognized in 2006 that the need for the invention is not a substitute for a showing that an element was known in the art before the filing date, and that there was motivation to combine the elements, and that there was reasonable expectation of success, and that the art taught a practical solution to the need. MPEP § 2143-2143.03 requires that each element of *prima facie* obviousness be addressed separately. The leaps to conclusion in the Office Action sidestep the 3-step *prima facie* analysis of MPEP § 2143-2143.03. This is not permitted. Examiners cannot leap multiple tall buildings in a single bound. To ensure that there is no reliance on hindsight, Applicant calls for substantial evidence showing that every element is known in the art.

In the telephone interview of October 3, 2007, the Examiner and SPE were informed of the dictionary definition of the term “repurchase agreement.” It appears that the Examiner did not look up the term “repurchase agreement” before preparing any further paper. If the Examiner believes that “repurchase agreement” has some other meaning recognized in the art, Applicant invites the Examiner to come forward with substantial evidence of that definition.

VI. Withdrawal of Previous Remarks

Applicant apologizes for previous arguments that are not based on the claims, and withdraws all such remarks. Applicant promises that all future papers will be focused on particular claim language, or considerations that relate to precise legal principles.

In return, Applicant requests that all papers from the Examiner be similarly focused on the precise language of the claims, the precise teaching of the references, and precise legal principles, including the required elements of *prima facie* grounds of rejection (*e.g.*, MPEP § 2143-2143.03 for obviousness). Applicant requests that all future Office papers designate portions of references thought to correspond to each element of the claims “as nearly as practicable,” and either make showings that the elements of the references are arranged as recited in the claims or establish all *prima facie* elements of obviousness, and show that the references provide either an enabling disclosure or “reasonable expectation of success” (MPEP § 2143.02).

The claims as now pending are broader in some respects than previous claims. Applicant intends that the claims as now pending be interpreted under the ordinary interpretation understood in the art, without regard to any previous statements by Applicant’s counsel.

Applicant hereby rescinds, and no longer intends that the claims be limited by, any assertion, statement, argument, amendment or other action in this patent application, or in any application whose file history is available for use in interpreting any patent issuing on this application. No such assertion, statement, argument, amendment or other action in this application or in any such available application should be taken as a surrender of or disclaimer from, and may not be used to interpret, any claim of this patent, or any claim of any patent to which such applications' file histories may be pertinent.

Among the remarks withdrawn are the following:

- All characterizations of “the invention” that are not literally stated in the claims, including those in the specification, are withdrawn.
- All quotations from and references to the specification, to the extent that they suggest that the scope of the invention is defined by the specification rather than the claims, are withdrawn (e.g., paper of 7/27/2005 at pages 8-9, paper of 12/5/2005 at pages 10-11).
- All arguments not based on limitations stated in the claims, and all statements that any feature of the specification is “necessary” or “must” be present when not stated in the claims (e.g., paper of 7/27/2005 at pages 9-10; paper of 12/5/2005 at page 10), are withdrawn.
- All arguments that imply that all offers must communicate all material terms “as part of the original advertisement” (e.g., paper of 12/5/2005 at page 10), and similar statements not directly stated in the claims, are withdrawn.
- Any implication that multiple claims stand or fall together, or that dissimilar claim language may be considered equivalent (e.g., paper of 7/24/2006 at page 10), is withdrawn.

Applicant hereby requests that the Examiner re-visit any previous surrender, disclaimer or characterization of claims, and re-visit any prior art that may have been avoided or intended to be avoided by such surrender, disclaimer or characterization. Pursuant to this request, and to guide this re-visit, Applicant submits a Form 1449 with all references applied in this application and all parent applications. Applicant requests that the 1449 be initialed to confirm that the references have been re-visited. In addition, a new search is requested.

VII. Conclusion

This reply is timely. In the event that further extension of time is required, Applicant petitions for that extension of time required to make this reply timely.

In view of the amendments and remarks, Applicant respectfully submits that the claims are in condition for allowance. Applicant requests that the application be passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application, or with any suggestion to resolve any condition that would impede allowance. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 50-3938, Order No. 00-8201.

Respectfully submitted,
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